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Costa Rica

Sugar

Annual

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Report Highlights:

Unusually wet weather in the primary growing region for 2 years running has reduced sugar production to 350,000 tons in 1999/2000. Exports are falling as well to about 150,000 tons in 1999/2000.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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San Jose [CS1], CS

COSTA RICA: SUGAR ANNUAL REPORT

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Executive Summary

Sugar production reached over 375,000 tons in 1998/99, dropping to about 350,000 tons in 1999/2000 and expected to rebound somewhat to 360,000 tons in 2000/2001.

Trade volume grew to almost 172,000 tons in 1998/99, but is expected to fall to 150,000 tons in 1999/2000 and remain at that level in 2000/2001. Trade value was \$31.4 million in 1998/99.

Table 1: Sugar Cane for Centrifugal Sugar: Supply and Utilization

PSD Table						
Country	Costa Rica					
Commodity	Sugar Cane for Centrifugal				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	0	50	0	51	0	51
Area Harvested	0	46	0	46	0	47
Production	0	3670	0	3455	0	3500
TOTAL SUPPLY	0	3670	0	3455	0	3500
Utilization for Sugar	0	3670	0	3455	0	3500
Utilizatn for Alcohol	0	0	0	0	0	0
TOTAL UTILIZATION	0	3670	0	3455	0	3500

Table 2: Centrifugal Sugar: Production, Supply and Demand

PSD Table						
Country	Costa Rica					
Commodity	Centrifugal Sugar				(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Beginning Stocks	83	83	83	71	68	56
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	375	375	380	350	0	360
TOTAL Sugar Production	375	375	380	350	0	360
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	458	458	463	421	68	416
Raw Exports	160	172	175	150	0	150
Refined Exp.(Raw Val)	0	0	0	0	0	0
TOTAL EXPORTS	160	172	175	150	0	150
Human Dom. Consumption	215	211	220	215	0	220
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	215	215	220	215	0	220
Ending Stocks	83	71	68	56	0	46
TOTAL DISTRIBUTION	458	458	463	421	0	416

Production

Sugar production reached 375,458 metric tons during 1998/1999, a 1.3 percent decline from 1997/1998. The reduced production was mainly the result of lower cane production and lower sugar yields caused by adverse climatic conditions.

Extensive flooding in the main production area of Guanacaste in 1999 is resulting in lower yields and production for three out of the four mills in that area during this marketing year as well. Although other production areas are experiencing higher sugar yields, total sugar production is expected to decline to about 350,000 tons during the 1999/2000 crop year.

The largest sugar mill in the country (also a cane producer) increased area planted for the 1999/2000 harvest to compensate for the lower international prices. This mill is also trying to reduce production costs by increasing the automatization of the mill and the mechanization of the harvest.

The forecast for the 2000/2001 crop year is for production of 360,000 MT, a small improvement over the

current crop. Given the low international sugar price outside the U.S. quota, many producers (mainly small and independent) are not providing adequate attention to their plantations. Some producers are not harvesting their crop this year, given the high costs relative to producer prices. If weather conditions improve as compared to those of 1999, production may be higher than forecast. With two years flooding in a row in the Northern province of Guanacaste, however, our forecast is conservative.

Area Planted

Area planted to sugarcane has increased slowly over the years and is estimated by the Sugar League (LAICA) at 50,000 ha. Area harvested was approximately 46,000 ha. during the 1998/1999 crop year. Only a few of the largest producers are expected to plant additional areas in the short term, given low international prices.

Yields

Cane yields declined from 83.3 tons per hectare in 1997/1998 to 79.8 tons per hectare in 1998/1999, according to data from LAICA. Sugar yields declined from 103.34 kg/ton of cane in 1997/1998 to 102.31 during 1998/1999. The highest yields were obtained in the Central Pacific region (117.25 kg/ton) and the lowest in the San Carlos region (90.31 kg/ton). In the Northern Pacific, where most of the area planted is located, yields improved from 98.99 kg/ton in 1997/1998 to 100.00 kg/ton in 1998/1999.

Consumption

According to information from the Sugar League (LAICA), per capita sugar consumption increased from 59.23 kg raw value in 1997/1998 to 60.28 kg in 1998/1999. Total sugar consumption in 1998/1999 reached 210,747 tons, up 1.76 percent. Of total domestic sugar consumption in 1998/1999, 193,294 tons were white plantation sugar, 6,547 tons white special, 10,529 tons refined and 378 tons raw sugar.

Direct consumption represented 63.9 percent of the total while industrial consumption totaled 36.1 percent of the total. Of the industrial sector, soft drink manufacturers are the main sugar consumers (33 percent of the total), followed by confectionery producers (14 percent), coffee roasters (9 percent), cookie producers (8 percent), dairy sector (8 percent), and others (28 percent). Total consumption is expected to continue increasing during 1999/2000.

Prices

The price from LAICA to the wholesaler was set at colones 7,750 per 50-kg bag (\$25.49) in November 1999. The price from the wholesaler to the retailer is colones 8,079 per 50-kg bag (\$26.57), and from the retailer to the consumer, the price is colones 180/kg (\$0.59). Although sugar prices are no longer controlled by the Costa Rican government, LAICA usually consults price increases before applying them (usually once a year) since sugar is a basic staple in Costa Rica.

Trade

Sugar exports reached 171,549 tons in 1998/1999, an 18.4 percent increase over 1997/1998. Of the total volume exported, 170,744 tons were raw sugar, 409 tons white sugar, 58 tons special white sugar, and 338 tons refined.

Exports during 1999/2000 are expected to reach approximately 150,000 MT as a result of lower expected production and low international prices. Costa Rica already exported all the sugar under the U.S. quota for 1999/2000.

Although there was an increase in export volume, the value of sugar exports declined from \$37.9 million during 1997/1998 to \$31.4 million in 1998/1999.

Table 3: Export Trade Matrix

Export Trade Matrix			
Country	Costa Rica		
Commodity	Centrifugal Sugar		
Time period	1999	Units:	MTRV
Exports for:			1
U.S.	77,746	U.S.	
Others		Others	
Russia	54,278		
Canada	39,525		
Total for Others	93,803		0
Others not Listed			
Grand Total	171,549		0

Policy

There have been no changes in policy since the last annual report. The import duty on sugar is set at the World Trade Organization (WTO) bound rate of 49 percent. Although there have not been any imports of sugar in the past few years, LAICA has asked the GOCR to establish a price safeguard in case there is an incentive to import.